

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0258-01
Bill No.: HB 361
Subject: Children and Minors: Education, Elementary and Secondary; Elementary and Secondary Education Dept
Type: Original
Date: February 26, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$101,986)	(\$116,161)	(\$119,080)
Total Estimated Net Effect on General Revenue Fund	(\$101,986)	(\$116,161)	(\$119,080)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Missouri Healthy Schools Fund	\$0*	\$0*	\$0*
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

***Offsetting income and costs total \$4,301,982 for FY 2004; \$4,345,025 for FY 2005; \$4,388,342 for FY 2006 (Subject to appropriation; language indicates "shall")**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
School Districts*	\$4,301,982	\$4,345,025	\$4,388,342

*Subject to appropriation; language indicates "shall"

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** indicated this proposal would have no effect on their agency.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as 10 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$246 for FY 2004. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume the proposal should not result in additional costs and savings to BAP.

BAP officials further state that the proposal would require three percent (3%) of any tobacco settlement money received by the state of Missouri to be placed in the new Missouri Healthy Schools Fund, as follows:

FY 2004	-	Three percent of \$143 million	=	\$4.3 million
FY 2005	-	Three percent of \$144 million	=	\$4.3 million
FY 2005	-	Three percent of \$146 million	=	\$4.4 million

The Governor's FY 2004 budget recommendations include the use of all of the tobacco settlement money; therefore, funding would have to be cut from one or more programs that funds are already earmarked for and/or General Revenue would have to pick up the cost.

Officials from the **Department of Elementary and Secondary Education** assume the DESE would require one Director to administer and administer the fund, development application forms, rank schools on the basis of need, and promulgate rules. They would also require one Administrative Assistant to review applications and process payments.

DESE further assumes that the calculation to determine the FY 2004 amount to be transferred to the fund would be based on the total payments to date ($\$818,354,473 \times .03 = \$24,550,634$).

Oversight assumes that, for fiscal note purposes, transfers will only be calculated on funds received after the effective date of the proposal. **Oversight** has also, for fiscal note purposes only, adjusted the salary and benefits of the director and the administrative assistant to correspond with the range for starting salaries paid by DESE in 2002 for comparable positions and has excluded travel costs of \$4,500 annually, assuming the program could be administered with minimal travel. **Oversight** assumes that these positions will only be necessary if tobacco settlement funds are transferred to the Missouri Healthy Schools Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Cost</u> - Department of Elementary and Secondary Education (DESE)			
Personal Costs (2 FTE)	(\$65,323)	(\$80,348)	(\$82,356)
Benefits	(\$26,436)	(\$32,517)	(\$33,329)
Equipment and Expense	<u>(\$10,227)</u>	<u>(\$3,296)</u>	<u>(\$3,395)</u>
Total <u>Cost</u> - DESE	(\$101,986)	(\$116,161)	(\$119,080)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$101,986)</u>	<u>(\$116,161)</u>	<u>(\$119,080)</u>
MISSOURI HEALTHY SCHOOLS FUND			
<u>Income</u> - Allocation from Tobacco Settlement Funds	\$4,301,982	\$4,345,025	\$4,388,342
<u>Cost</u> - Distribution to School Districts	<u>(\$4,301,982)</u>	<u>(\$4,345,025)</u>	<u>\$4,388,342</u>
ESTIMATED NET EFFECT ON MISSOURI HEALTHY SCHOOLS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
SCHOOL DISTRICTS			
<u>Income</u> - Distribution from Missouri Healthy Schools Fund	<u>\$4,301,982</u>	<u>\$4,345,025</u>	<u>\$4,388,342</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$4,301,982</u>	<u>\$4,345,025</u>	<u>\$4,388,342</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

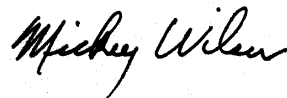
This proposal directs that 3% of the state's tobacco settlement moneys be transferred into the Missouri Healthy Schools Fund, which is created to reduce or eliminate health risks in public

schools. The Department of Elementary and Secondary Education must develop an application process which will rank schools on the basis of need, with priority given to those possessing more severe health risks and requiring costly renovations relative to the ability to pay.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State
Administrative Rules Division
Office of Administration
Division of Budget and Planning
Office of State Treasurer
Department of Elementary and Secondary Education



MICKEY WILSON, CPA
DIRECTOR
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